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**FISCAL IMPACT STATEMENT**

**LS 6991**

**BILL NUMBER:** SB 333

**NOTE PREPARED:** Feb 24, 2006

**BILL AMENDED:** Feb 23, 2006

**SUBJECT:** Professional Licensing.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:** Rep. T. Harris

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill has the following provisions:

*Veterinarians:* This bill requires a person who has failed the veterinarian examination three times to take remedial education before being allowed to retake the examination.

*Continuing Education:* This bill establishes continuing education requirements that apply to all professions that require continuing education.

*Licensed Professionals Social Security Numbers:* The bill requires certain licensed professionals to provide the Professional Licensing Agency (Agency) or the State Department of Health (Department) with the person's Social Security number. This bill allows the Agency or the Department to release Social Security numbers to testing services and state boards and professional organizations. The bill establishes uniform professional license reinstatement requirements.

*Food Establishment Sanitary Standards:* The bill revises language pertaining to sanitary requirements for food establishments.

*International Medical Graduates Pilot Program:* The bill requires the Medical Licensing Board to establish a seven-year pilot program for training international medical graduates who are attending medical schools that have not been approved by the Board.

*Barbering and Cosmetology:* This bill requires barbering and cosmetology schools to administer the practical

examination. The bill removes barber health certificate requirements.

*Medical Licensing Board:* This bill allows the Medical Licensing Board to establish conditions to reactivate a physician's license.

*Manufactured Home Installers:* This bill allows the Professional Licensing Agency to set a uniform renewal date for licensed manufactured home installers.

*Optometry:* The bill transfers the duties of the Optometric Legend Drug Prescription Advisory Committee to the Optometry Board. The bill requires that providing a patient with a contact lens prescription must comply with federal law.

*Private Detectives:* This bill removes the private detectives' licensure exemption for certain law enforcement officers.

*Psychology Temporary Permits:* The bill establishes a limited scope temporary psychology permit.

*Real Estate Brokers:* This bill requires a person who passes the real estate salesperson examination or broker examination to apply for a license within one year.

*Repeal of Existing Professional Licensing Law & Technical Changes:* The bill repeals provisions concerning: license reinstatement; temporary barbers and cosmetology licenses; master cosmetologist licenses; shampoo operator licenses; cosmetology continuing education; expired provision concerning hearing aid dealers; and nonconforming continuing education provisions. This bill makes technical and conforming amendments.

**Effective Date:** (Amended) Upon passage, July 1, 2006.

**Explanation of State Expenditures:** *Continuing Education:* The bill would unify procedures for the Agency to audit, notify practitioners, and assess civil penalties for the noncompliance with continuing education requirements. The provision could reduce the time and expense involved with the process of noncompliance cases.

(Revised) *Food Establishment Sanitary Standards:* The role of the State Department of Health in enforcement of the sanitary standards is limited to inspections on state-owned properties such as the State Fairgrounds. The State Fair Board currently requires all participants involved in the sale of food items to comply with the sanitary requirements and to be inspected. The provisions of this bill would be expected to have limited impact on the level of resources used by the Department to enforce the sanitary requirements for food establishments.

*Background:* The State Department of Health administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2006 and FY 2007. Revenues from fees and penalties collected by the Department are deposited in the state General Fund, with augmentation allowed in amounts not to exceed the additional revenue from fees or penalties received after July 1, 2003.

*Barbering and Cosmetology:* The bill would allow applicants for a barber or cosmetology license to take their practical examination at their respective school and not at a board facility. This provision could reduce expenditures of these respective boards.

The written examination for barbers and cosmetology license applicants would be allowed to be offered by computer. Assuming new examination questions would not need to be developed, the cost to offer the examination via a computer should be able to be self-funded through applicant fees.

Additionally, the bill would repeal the master cosmetologist license and shampoo operator's license. The bill would also remove continuing education requirements from cosmetologists.

The Agency collected \$102,107 in barber license fees and \$907,715 in cosmetology fees in FY 2005.

(Revised) *International Medical Graduates Pilot Program*: The impact on the Medical Licensing Board expenditures to establish the pilot program would depend on administrative action. The pilot program would expire December 31, 2013.

The Board should be able to implement the program given its existing level of resources. However, should additional staff be needed, staff resources could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations.

*Background Information*: The Professional Licensing Agency (PLA) provides staff support for the health professions boards. As of February 20, 2006, the Agency had 18 vacancies with salaries valued at \$387,600. The Agency reverted \$81,600 in FY 2005.

*Optometry*: There would be a savings to the state if the Optometric Legend Drug Prescription Advisory Committee were repealed. Each member of the Committee that is not a state employee is entitled to a salary per diem and travel reimbursement.

**Explanation of State Revenues:** *Continuing Education*: Given that the bill would unify procedures for the Agency to assess civil penalties for the noncompliance with continuing education requirements, it is not likely the number of civil penalties assessed under this provision would be greater or less than penalties assessed under current law for continuing education noncompliance.

(Revised) *Food Establishment Sanitary Standards*: This bill provides that certain nonprofit groups and organizations that have filed for an exemption from the State Gross Retail Tax with the Department of State Revenue (DOR) will no longer have to comply with certain requirements in order to be exempt from the Department of Health sanitary requirements for food establishments. (Current law specifies that these groups are exempt if members of the organization prepare and label the food that will be sold to the final consumer and that the organization has sales of food for no more than 30 days in a calendar year.) The fiscal impact to the state would be limited, if any.

*Background Information, Food Establishment Sanitary Standards*: Monetary penalties provided under the State Department of Health rules promulgated at 410 IAC 7-23-1 include fines that have a maximum penalty of up to \$1,000 per day for noncompliance. Certain violations may also be considered to be Class B misdemeanors. Civil penalties collected are deposited in the state General Fund or local health department fund.

The State Department of Health reported that they do not track how many nonprofit organizations file waivers of the exemption with the Department. The Department does not charge a fee for organizations filing waivers

of exemption.

(Revised) *International Medical Graduates Pilot Program*: If a pilot program were to generate additional applications for licensure, the Medical Licensing Board could experience an increase in licensing revenue. The impact to state revenues would depend on the number of approved primary care residency programs by the Board. Each program would be limited to two medical school graduates under the bill.

*Background*: The Board charges a \$250 licensing fee for physicians and \$100 for temporary medical permits. The Board's licensing activities generated \$4.8 M in revenue in FY 2005. All revenue generated from licensing activities is deposited in the state General Fund.

**Explanation of Local Expenditures**: (Revised) *Food Establishment Sanitary Standards*: Local health officers are responsible for the local enforcement of the sanitary requirements for food establishments. Enforcement actions may be one of two options. The local health officer may (1) furnish evidence to the local prosecutor or (2) file a report with the State Department of Health. This bill would exempt certain nonprofit organizations that are currently required to comply with the requirements for sanitary conditions in food establishments, potentially relieving the local health officers from enforcement inspections of the State Department of Health rules. The State Department of Health reported that the number of organizations that must comply with the rules because they exceed the exemption parameters or that voluntarily file waivers of exemption with the local health officers is not known.

**Explanation of Local Revenues**: (Revised) *Food Establishment Sanitary Standards*: Nonprofit organizations that are not exempt or that file waivers of exemption currently may be required to comply with local licensing requirements for retail food establishments that include an annual fee. The State Department of Health reported that some counties waive the fee for charitable organizations but that this is not a statewide practice. If a local ordinance requires a license fee, this bill would result in the loss of local license fee revenue. The amount of revenue affected by the provisions of this bill is not known.

**State Agencies Affected**: Medical Licensing Board; Professional Licensing Agency; State Department of Health.

**Local Agencies Affected**: Local health officers.

**Information Sources**: *Indiana Handbook of Taxes, Revenues, and Appropriations*; Indiana State Department of Health; Indiana Auditor of State *Revenue Trial Balance*, June 30, 2005.

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